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CIRCULAR AIRGRAM

HEARINGS BEFORE THE SENATE PERMANENT
SUBCOMMITTEE ON INVESTIGATIONS

May 4, 1953

OLI
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AIR

Certain American Diplomatic and Consular Posts.

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The following summary is for the background information of the missions addressed and for their guidance in answering any inquiries they may receive on the recent hearings before the Senate Permanent Subcommittee on Investigations.

The second hearings before the McCarthy subcommittee were held to investigate the fact that materials financed by the United States have on occasion been transported in ships which have been involved, or whose sister ships have been involved, in trade with Communist China. During the hearings Senator McCarthy again raised certain issues in the East-West trade field which had come up in the first hearings. He specifically inquired whether or not the ultimate objective of the U.S. Government is to endeavor to get its Western allies to stop all trade with Communist China.

Kenneth Hansen, Deputy Assistant Administrator for the Battle Act, and John Leddy, Acting Deputy Assistant Secretary for Economic Affairs in the State Department, testified on the policy issues involved in China shipping. Both refused to give an unqualified "yes" to Senator McCarthy's query as to whether the U.S. was attempting to get its Western Allies to cease all trade with Communist China. They indicated that it was not our present policy to try to stop other friendly countries from trading in nonstrategic goods with Communist China where the trade was such as to serve the net advantage of the free world.

At the end of the hearings Senator McCarthy requested a personal verification from the Secretary of State that the policy of the United States had been accurately reported. The exchange of letters between Senator McCarthy and Secretary Dulles is reproduced below

State Dept. declassification & release instructions on file

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for your information. This correspondence has not been officially released as of May 12. As a result of the Secretary's press conference on May 9, it is public knowledge that a reply was sent to Senator McCarthy; however, the contents of the correspondence have not been divulged. The Department does not take the initiative in releasing correspondence with the Hill; it is left up to the recipient to release the material.

During the hearings May 7 before the Senate Foreign Relations Committee on the Foreign Aid Bill, Secretary Dulles made several statements with respect to United States policy on trade with the Soviet bloc. Excerpts of this testimony, which is not classified, are also attached. The contents of the letters are not to be disclosed unless the letters are officially released. However, the testimony—which contains essentially the same policy statement—may be used in answering any inquiries.

Further hearings on East-West trade have been scheduled for Wednesday, May 20.

Attachments: 1. John Leddy's Statement before the Senate Permanent Subcommittee on Investigations; 2. Kenneth Hansen's Statement before the Senate Permanent Subcommittee on Investigations.

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ATTACHMENTS

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